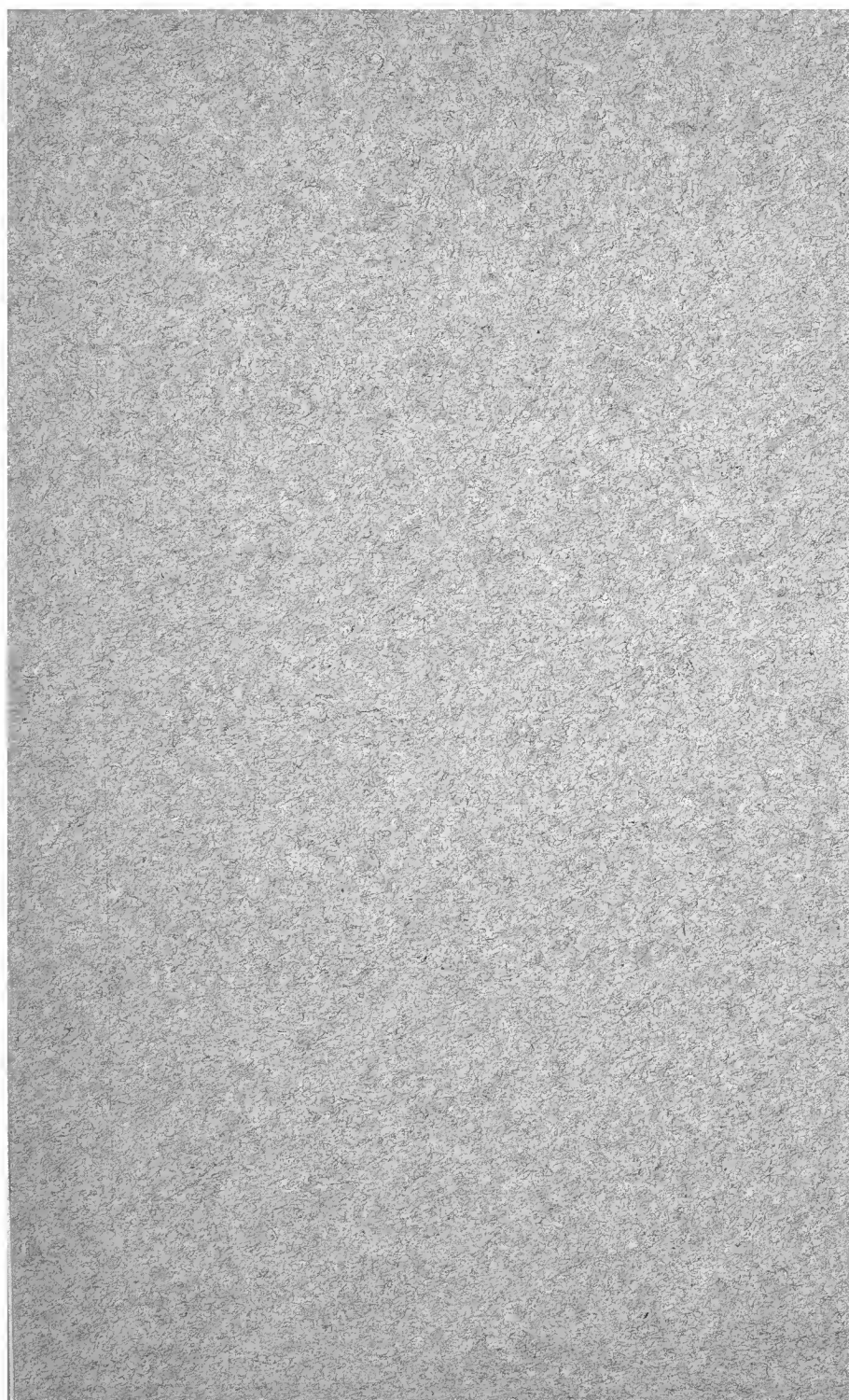


REPORT
OF THE
GOVERNOR AND COMMITTEE
OF THE
HUDSON'S BAY COMPANY,
TO BE
LAID BEFORE THE SHAREHOLDERS
ON TUESDAY, JULY 15TH, 1890.

LONDON:
PRINTERS: SIR JOSEPH CAUSTON AND SONS,
9, EASTCHEAP, E.C., AND SOUTHWARK STREET, S.E.

1890.



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1890.

DIRECTORS.

Governor.

SIR DONALD A. SMITH, K.C.M.G.

Deputy-Governor.

VISCOUNT ANSON.

Committee.

EDWARD WILLIAM TERRICK HAMILTON, Esquire.

SIR THOMAS R. EDRIDGE.

SANDFORD FLEMING, Esquire, C.M.G.

SIR CHARLES RUSSELL, Q.C., M.P.

RUSSELL STEPHENSON, Esquire.

WALTER VAUGHAN MORGAN, Esquire.

THOMAS RANNIE GRANT, Esquire.

HUDSON'S BAY COMPANY.

A GENERAL COURT of the Governor and Company of Adventurers of England, trading into Hudson's Bay, will be held at the City Terminus Hotel, Cannon Street, on Tuesday, the 15th of July next, at two o'clock p.m., when a Report from the Governor and Committee will be laid before the Shareholders and a Dividend declared. At the same time the Amendment of the Charter in the direction referred to in the Report may be discussed, and a Resolution thereon may be moved.

The Transfer Books of the Company will be closed on the 30th instant, and reopened on 18th July.

By order of the Governor, Deputy Governor and Committee of the said Company,

W. ARMIT,

Secretary.

HUDSON'S BAY HOUSE,

LONDON, *June 24th*, 1890.

REPORT.

THE Governor and Committee have now to submit to the Proprietors the Annual Accounts of the Company, and to express their regret that the results of the trade have been seriously affected by the exceptionally heavy fall in the price of Furs, which took place at the last Spring Sales.

The following table shows that the decline in prices extended to every description of Fur brought to market by the Company, except Fur Seal and Sea Otter, of which the Company obtain only very small quantities:

Beaver	Declined	5	per cent.
Otter	„	25	„
Fisher	„	30	„
Fox Silver	„	10	„
„ Cross	„	15	„
„ Blue	„	40	„
„ Red	„	15	„
„ White	„	30	„
Bear	„	35	„
Lynx	„	30	„
Marten	„	30	„
Mink	„	30	„
Musquash	„	12½	„
Musk Ox	„	50	„
Ermine	„	40	„
Badger	„	20	„
Racoon	„	5	„
Skunk	„	15	„
Wolf	„	5	„
Wolverin	„	10	„

This great fall was mainly due to the mildness of the past winter, and to changes in fashion which reduced the demand

(Acct. No. 1.) for most of the finer kinds of Furs. The profits of Outfit 1888 have thus declined to £40,309 7s. 10d., as compared with £85,924 5s. 5d. for Outfit 1887.

In accordance with the Resolution adopted by the Shareholders in June, 1887, the Commissioned Officers are entitled to the guaranteed sum of £200 per Share for Outfit 1888, (No. 4.) amounting to £19,800 now charged in the Company's Profit and Loss Account for the year ending 31st May, 1890, leaving net profits amounting to £24,316 14s. 8d.

It will be observed that fuller details than heretofore are given in the Trading Account. As mentioned last year, instructions were sent to the Officers abroad to make certain (No. 1.) changes in the mode in which the Accounts are kept at the principal Depôts and Stations; but owing to the difficulty of communication from the peculiar circumstances of the country, sufficient time has not yet elapsed to admit of these changes being fully carried into effect.

(No. 3.) The Company's Marine Insurance Fund continues to show satisfactory results. After crediting the amount of premiums on Insurances undertaken by the Company, and interest on the amount of the Fund, the sum of £3,344 19s. 11d. has been transferred to Profit and Loss, leaving the balance at the same amount as last year—namely, £50,000.

The Governor and Committee have carefully considered the best mode of dealing with the balance of the Land Account, (No. 5.) now amounting to £43,702 15s. 2d., and, believing that it would be for the benefit of the Company and the convenience of the Shareholders that the proceeds of Land Sales should be distributed as Dividends, instead of being treated as heretofore as a return of Capital and written off the Share Certificates, they have taken the opinion of Counsel, and are advised that it is quite competent to the Company to make the change.

Acting on this opinion the Governor and Committee have (No. 6.) transferred the sum of £43,702 15s. 2d. from the Land Account to the credit of the General Profit and Loss Account, bringing

the balance of the latter to £109,864 0s. 5d., out of which they recommend a Dividend of 14s. per share, which will absorb £70,000, and leave £39,864 0s. 5d. to be carried forward.

(No. 5.) The Land Account now submitted shows the Cash Receipts and Disbursements for the year ending 31st March, 1890. The Receipts amount to £37,071 8s., as compared with £30,488 8s. 9d. for the year ending 31st March, 1889, while the Charges show a reduction of £5,940, arising from the absence of any payment this year for the Company's share of Government surveys, and from a considerable saving in the expenses of management.

The following table, showing the amount of Land surveyed by the Dominion Government in the Fertile Belt may prove interesting, as Shareholders are aware that the Company are entitled to one-twentieth of the Lands so surveyed:—

					Acres.
Previous to June, 1873	4,792,292
In 1874	4,237,864
1875	665,000
1876	420,507
1877	231,691
1878	306,936
1879	1,130,482
1880	4,472,000
1881	8,147,000
1882	9,460,000
1883	27,000,000
1884	6,400,000
1885	391,680
1886	1,379,010
1887	643,710
1888	1,131,840
1889	516,960
					<hr/>
					71,326,972
					<hr/>

The Sales of Farm Lands and Town Lots by the Company during the past year have been as follows:—

Farm Lands—34,733 acres \$199,636
(Averaging \$5,75 per acre.)

Town Lots.

Victoria, B.C. 3 lots	\$24,250
Winnipeg 1 lot	1,100
Portage la Prairie .. 1 „	50
Fort Qu'Appelle .. 3 lots	250
Edmonton 11 „	1,090
Rat Portage 78 „	15,010
Rosemount 25 „	1,175
Newdale 1 lot	25
Millwood 1 „	125
Nipigon 1 „	50
	<hr/>
	43,125

making a total of \$242,761
as compared with \$187,974 for the year ending 31st March, 1889.

The Sales after July last were unfavourably affected by a partial failure of the Crops, in consequence of the drought which prevailed in Manitoba and the North West Territory.

Deducting Sales cancelled, the total quantity of Farm Land sold by the Company to the end of March last was 226,292 acres. The unpaid instalments on running Sales at that date amounted to \$495,603, of which \$143,830 were in arrear, and \$351,773 not due.

The Sales in April and May, since the Accounts were closed, amount to 4,515 acres for \$25,820.

Encouraging advices have recently been received with respect to the prospects of a good harvest from a largely extended area now under crop in the North-West portion of Canada.

In conclusion, with reference to the question of converting the Shares, the Governor and Committee have to state that, having regard to the best interests of the Company, they continue opposed to any Scheme which has for its principle the writing up of the Capital by placing an imaginary value upon the Company's Land. But to the principle of duplicating Shares, recently sanctioned by a Committee of the House of Commons, the Board will offer no opposition.

If, therefore, without increasing the capital, the Shareholders desire that a plan should be prepared for duplicating the Shares by the issue of one Preferred and one Deferred Share for each Ordinary Share in the Company, the Governor and Committee will be prepared to draw up such a Scheme, and to take the proper steps to obtain the necessary Amendments in the Charter.

On behalf of the Committee,

DONALD A. SMITH,
Governor.

(1.) TRADING ACCOUNT.

Exhibiting the Profit and Loss results during Outfit 1888; namely, from 1st June, 1888, to 31st May, 1889.

Dr.

Cr.

	£	s.	d.	£	s.	d.
To Inventories 1st June, 1888, viz.—						
General Goods	337,462	13	4			
Advances from last Outfit ..	28,094	15	4			
Ships and Steamers	43,334	2	4			
Trading Establishments ..	60,416	12	4			
Balances due by Customers ..	83,772	10	4			
	553,080	13	8			
Cash at Trading Stations ..	10,078	1	5			
	563,158	15	1			
Less Balances due to Customers, Clerks and Servants	22,998	4	3			
	540,160	10	10			
Goods, Provisions, and Stores purchased in England, supplied for Outfit 1888 ..	123,973	19	5			
Amount written off as depreciated value of Ships and balance of Ships' Accounts ..	3,461	3	3			
Payments at Winnipeg:—						
For Goods purchased in Canada and the United States ..	98,690	17	8			
For Customs Duties ..	28,735	7	8			
For Freight inwards ..	8,515	16	8			
	135,942	2	0			
By Proceeds of Furs and other Imports into Great Britain, the Returns of this Outfit, after deducting Freight, Dock Charges, Cartage, Fire Insurance, &c.				253,426	18	1
Proceeds of Goods realized in the Territory and other credits incidental to carrying on the Trade of Outfit 1888				33,543	14	6
Discount on Insurance Premiums				862	1	4
Inventories 31st May, 1889, viz.—						
General Goods	363,865	18	3			
Advances to next Outfit	38,310	17	7			
Ships and Steamers	42,527	8	2			
Trading Establishments	57,202	16	9			
Balances due by—						
Customers	85,100	8	3			
Clerks & Servants	5,773	4	2			
	90,873	12	5			
Cash at Trading Stations ..	592,780	13	2			
	19,231	12	6			
	612,012	5	8			
Less Balances due to—						
Customers	9,850	14	6			
Clerks & Servants	13,830	10	9			
	23,681	5	3			
	588,831	0	5			

" Other debits incidental to carrying on the trade of trade of Outfit, 1888	16,135	8	9
" Fire Insurance Fund	2,000	0	0
" EXPENSES INCURRED IN LONDON, 1st June, 1888, to 31st May, 1889, viz. :—			
Governor and Committee	2,950	0	0
Salaries of Secretary and other Officers	3,393	19	6
Warehouse Expenses—preparing and selling Furs, including Wages of Labourers and Sundry Charges	3,073	3	11
Rent and Taxes of Offices in Leadenhall Street, and Warehouse in Lime Street	2,448	11	4
Miscellaneous Expenses, including Stationery, Printing, &c.	1,055	7	6
" Salary to Local Officer	12,921	2	3
" Pensions and Donations in London and abroad	1,000	0	0
" Balance, being Profit on Outfit 1888, carried to Account No. 2	750	0	0
	40,319	7	10
	<u>£876,663</u>	<u>14</u>	<u>4</u>

£876,663 14 4

Dr.	Outfit 1888, and previous Outfits.	Cr.
<p> 1888 1889 1890 1891 1892 1893 1894 1895 1896 1897 1898 1899 1900 1901 1902 1903 1904 1905 1906 1907 1908 1909 1910 1911 1912 1913 1914 1915 1916 1917 1918 1919 1920 1921 1922 1923 1924 1925 1926 1927 1928 1929 1930 1931 1932 1933 1934 1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946 1947 1948 1949 1950 1951 1952 1953 1954 1955 1956 1957 1958 1959 1960 1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075 2076 2077 2078 2079 2080 2081 2082 2083 2084 2085 2086 2087 2088 2089 2090 2091 2092 2093 2094 2095 2096 2097 2098 2099 2100 2101 2102 2103 2104 2105 2106 2107 2108 2109 2110 2111 2112 2113 2114 2115 2116 2117 2118 2119 2120 2121 2122 2123 2124 2125 2126 2127 2128 2129 2130 2131 2132 2133 2134 2135 2136 2137 2138 2139 2140 2141 2142 2143 2144 2145 2146 2147 2148 2149 2150 2151 2152 2153 2154 2155 2156 2157 2158 2159 2160 2161 2162 2163 2164 2165 2166 2167 2168 2169 2170 2171 2172 2173 2174 2175 2176 2177 2178 2179 2180 2181 2182 2183 2184 2185 2186 2187 2188 2189 2190 2191 2192 2193 2194 2195 2196 2197 2198 2199 2200 2201 2202 2203 2204 2205 2206 2207 2208 2209 2210 2211 2212 2213 2214 2215 2216 2217 2218 2219 2220 2221 2222 2223 2224 2225 2226 2227 2228 2229 2230 2231 2232 2233 2234 2235 2236 2237 2238 2239 2240 2241 2242 2243 2244 2245 2246 2247 2248 2249 2250 2251 2252 2253 2254 2255 2256 2257 2258 2259 2260 2261 2262 2263 2264 2265 2266 2267 2268 2269 2270 2271 2272 2273 2274 2275 2276 2277 2278 2279 2280 2281 2282 2283 2284 2285 2286 2287 2288 2289 2290 2291 2292 2293 2294 2295 2296 2297 2298 2299 2300 2301 2302 2303 2304 2305 2306 2307 2308 2309 2310 2311 2312 2313 2314 2315 2316 2317 2318 2319 2320 2321 2322 2323 2324 2325 2326 2327 2328 2329 2330 2331 2332 2333 2334 2335 </p>		

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Outfit 1888, and previous Outfits.

Ex.

To Hudson's Bay Company, as per Account No. 4	£	s.	d.
		40,420	5 1
<hr/>			
		£40,420	5 1

By Balance, being Profit on Outfit 1888, as per Account No. 1 .. .	£	s.	d.
		40,319	7 10
" Profit on realization of outstanding accounts, viz.:— Outfit 1887		100	17 3
<hr/>			
		£40,420	5 1

(3.) MARINE INSURANCE FUND.

Dr.

31st May, 1890.

Cr.

1890.		£	s.	d.	1889.		£	s.	d.
May 31.	To Loss on sundry Shipments in respect of Insurances by the Company	June 1.	By amount of Fund at this date
	pany			£50,000	0	0
	„ Amount transferred to Profit and Loss Account (No. 4)	May 31.	„ Amount of Premiums on Insurances by the Company for Account of the Fur Trade from 1st June, 1889, to 31st May, 1890
	„ Balance		„ Interest for one year
							£53,665	6	2
					May 31.	By Balance brought down	£50,000 0 0

HUDSON'S BAY COMPANY.

(4.) PROFIT AND LOSS.

Dr. Cr.
1st June, 1889, to 31st May, 1890.

	£	s.	d.		£	s.	d.
To Commissioners Officers for Appropriation under Guarantee for Outfit 1888	19,800	0	0	By Profit on Fur Trade brought to credit this year as per Account No. 2	40,420	5	1
" Fur Trade Officers' Reserve Fund for ditto ..	120	0	0	" Balance of Interest on Fur Trade Account ..	1,422	18	5
" Interest on Officers' and Servants' Deposits	1,581	3	6	" Profit from Underwriting Account as per Account No. 3	3,344	19	11
" Interest on Marine Insurance Fund	2,014	14	10	" Interest, Dividends, and Sundries	6,564	16	3
" Income Tax	1,324	16	9				
" Salary to Local Officer	500	0	0				
" Payment to the Bishop of Rupert's Land, under agreement with the Company, and order of the Court of Chancery, dated December, 1849	300	0	0				
" Miscellaneous Expenses	1,795	9	11				
" Balance carried to General Profit and Loss Account (No. 6), being Net Profits	24,316	14	8				
	£51,752	19	8		£51,752	19	8

(5.) LAND ACCOUNT.

Dr. *Exhibiting the Cash Receipts and Disbursements, from 1st April, 1889, to 31st March, 1890.* Cr.

[illegible]

(7.) BALANCE-SHEET.
31st May, 1890.

Dr.

Cr.

	£	s.	d.	£	s.	d.
To Capital— 100,000 Shares of £20 each .. 2,000,000 0 0 Less return to Proprietors of £7 per Share 700,000 0 0 ————— 1,300,000 0 0						
„ Amount due to Commissioned Officers and Servants on their Deposits in London .. 78,174 18 5						
„ Amount due to Clerks and Servants at Trading Stations, 31st May, 1889 13,330 10 9						
„ Amount due to Customers, 31st May, 1889, as per Trading Account 9,850 14 6						
„ Unpaid Dividends, and other Balances (exclusive of amount due in respect of Goods in course of shipment on 31st May, 1890, not included in assets <i>per contra</i>) 5,170 0 0						
„ Marine Insurance Fund, as per Account No. 3 104,526 3 8						
„ Undivided Profits, as per Account No. 6 50,000 0 0						
				109,864 0 5		
By Cash in hand and on Deposit in London 174,831 19 7						
„ Cash at Trading Stations, 31st May, 1889 19,231 12 6						
„ Sundry Investments 75,072 1 6						
„ Buildings in Winnipeg and North West Territory .. 58,168 11 4						
„ Amount due by Commissioned Officers .. 11,371 7 11						
„ Amount invested in the Fur Trade (exclusive of Goods in course of Shipment), viz. Valuation of Trading Goods, Provisions, Stores, &c., as per Inventory 31st May, 1889 501,907 0 9						
Amount due as per Inventory 31st May 1889:— By Customers £85,100 8 3 „ Clerks and 5,773 4 2 „ Servants 90,873 12 5 ————— 592,780 13 2						
Advances in London for carrying on the Trade, subsequent to 31st May, 1889 .. 220,314 4 9						
Ocean Ships and Steamers employed in the Trade .. 12,405 5 11						
„ Balance represented by the remaining Property of the Company 400,214 7 5						
				£1,564,390 4 1		

Examined and found to be in due accordance with the Books, Accounts, and Vouchers of the Company.

S. Moorgate Street, London,
20th June, 1890.

THOMAS A. WELTON, Auditor.
(WELTON, JONES & Co.)

